

**EFFECT OF MONETARY INCENTIVES ON PERFORMANCE OF SMALL  
AND MEDIUM ENTERPRISES IN KENYA:**

**A CASE STUDY OF GRAPHIC LINEUPS LIMITED**

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## **DECLARATION**

This research study is my original work and has not been presented for a degree in any other University.

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This project has been submitted for examination with my approval as The Management University of Africa Supervisor.

**Signature.....**

**Date.....**

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**The Management University of Africa**

## **DEDICATION**

This project is dedicated to my family for their unwavering support during the period of this research.

## **ACKNOWLEDGEMENTS**

I thank God Almighty for enabling me to complete this project. My sincere gratitude goes to my supervisor, Dr. Thomas Ngui for guiding me through the whole process and for the invaluable insights at each stage of the project. I also thank my fellow students for the cooperation, discussion and sharing their resources when I needed them. I also thank the staff and management of The Management University of Africa for their inspiration, administrative assistance and for running an efficient and consistent system that ensured smooth progress over the years. Last but not least I thank the directors and management of Graphic Lineups Limited, Nairobi, for granting me the opportunity to carry out this research project at their esteemed organization.

## ABSTRACT

The purpose of this study was to determine the effect of monetary incentives on Performance of Small and Medium Enterprises (SMEs) in Kenya. The specific objectives of the study were to: identify effect of job satisfaction on performance of SMEs, examine the effect of employee motivation on performance of SMEs, determine the effect of employee engagement on performance of SMEs, identify the effect of turnover on performance of SMEs and examine the effect of employee commitment on performance of SMEs. Research questions were developed from the specific objectives of the study. Scope and significance were set from the research questions. Findings of this study will introduce new comparative knowledge for the effect of monetary incentives on Performance of SMEs in Kenya. Review of related theoretical literature provided the theoretical rationale of the problem under study, while variables were deciphered from analysis of empirical literature. Observed research gaps were used to develop the appropriate conceptual framework. Descriptive research design was used in setting the methodology for the research. Target population was 65 respondents, which formed the sample size as census approach was adopted. Data was collected through questionnaires and interviews, was analyzed using SPSS using both descriptive and inferential analysis. Results were presented in tables, graphs and charts. Findings indicate that job satisfaction has no statistically significant effect on performance of SMEs. Results indicate that financial incentives did not lead to job satisfaction and job satisfaction has no effect on performance of SMEs. Results also indicate that employee motivation has statistically significant effect on performance of SMEs. Results further indicate that employee engagement has statistically significant effect on performance of SMEs. Results indicate that employee turnover has statistically significant effect on performance of SMEs. Results indicate that employee commitment has statistically insignificant effect on performance of SMEs. The study concludes job satisfaction does not lead to enhanced employee performance therefore offering financial incentive may not improve employee performance. Monetary incentives lead to enhanced motivation which leads to increased employee performance. Monetary incentives lead to employee's engagement which leads to higher employee performance. Incentives reduce staff turnover in the organization which enhances overall job performance. Monetary incentives do very little in ensuring employees commitment and therefore may not lead to enhanced employee performance. The study recommends that organizations should put measures in place to ensure job satisfaction through attractive monetary incentives. The organization should motivate employees as a priority through reasonable monetary incentives. Incentives should aim at ensuring that the employees are more engaged in organization activities and thereby promote productivity. The organization should use monetary incentives to improve satisfaction and reduce the employee's turnover. Incentives should be aimed at keeping employees committed to organization goals and objectives.

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## **ACRONYMES AND ABBREVIATIONS**

<b>GDP:</b>	Gross Domestic Product
<b>KCAA:</b>	Kenya Civil Aviation Authority
<b>KCB:</b>	Kenya Commercial Bank
<b>MSE:</b>	micro and small organizations
<b>SMEs:</b>	Small and Medium Enterprises
<b>SPSS:</b>	Statistical Program Package for Social Sciences

## OPERATIONAL DEFINITION OF TERMS

**Employee Commitment:** a psychological state that unites an individual with the organization

**Employee Engagement:** Commitment is an intrinsic attitude that denotes the enthusiasm of an employee for his work

**Employee motivation:** Employee motivation is the level of energy, commitment and creativity that a company's employees contribute to their work.

**Job Satisfaction:** is a measure of worker satisfaction with their work, regardless of whether they appreciate work or individual aspects or aspects of work, such as the nature of work or supervision.

**Staff Turnover:** refers to the number or percentage of workers leaving an organization and being replaced by new employees.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This introductory chapter focuses on the background of the study, statement of the problem, objectives of the study, research questions, and significance of the study, limitations, scope of the study and Summary.

#### **1.1 Background**

Organizational performance is a complex phenomenon strongly influenced by the company's ability and motivation. One of the main problems facing most employers in the Public and personal sectors is the way to inspire their employees to improve performance. The financial system is specially based on the idea that economic incentives enhance performance (Erbasi, 2012). Therefore, the employees of an organization have internal motivations and desires that are expressed in the form of actions and efforts towards the work functions to satisfy their needs. Employee motivation is the level of electricity, dedication and creativity that an organization's personnel apply to their work (Chaudhary and Sharma, 2012). The issue of employee performance cannot be underestimated. The most important thing for an organization is the devotion and loyalty of its employees, which is achieved if the employees are the best prizes. The awards are

very concerned to overcome dissatisfaction and increase employee performance (Erbasi, 2012). In most companies and other organizations, money is effectively used to maintain a properly supervised organization and not primarily as a motivator. Any bonus scheme for guide people needs to be related to significant criteria for employees and can be measured always (Afande, 2015). The incentive to achieve a particular goal, such as the increase in volume, should not be an incentive to worsen other performance standards such as quality. Therefore, it is important to know what most induces a worker, since many people have different needs and aspirations. The truth that prize control has received tremendous attention to investigate has focused more on evolved international locations and economies (Agwu, 2012).

Anyim, Chidi and Badejo (2012) have devised numerous approaches to inspire humans to task. However, because human beings are different from each other in terms of needs, culture, what motivates them varies as well. Some employees are motivated by financial and other incentives and by some non-financial incentives. Managers continually seek ways to create a motivating environment in which employees work at the optional levels to achieve the organization's goals. Because the human useful resource is the most treasured useful resource of any organization, it should spark off, train, increase and especially inspire to reap individual and organizational desires (Jobber & Lee, 2014).

Monetary premiums because the motivation is high in growing countries due to the excessive fee of residing and the low quality of life they face. Most of man's activities are related to making money. In Nigeria, public and private sector employees sometimes receive between 3 and 6 months of Earnings, and but they have not resigned, but retain to

paintings due to the fact they recognize they will be paid and now not because they respect their work and not because they appreciate work so much. The truth here is that, principally, human beings are inspired by way of monetary rewards. It believed that the man, if motivated, will make an extra effort to satisfy his employer. All organizations are concerned approximately what desires to be accomplished to gain excessive ranges of performance sustained thru human beings (Kinyua, 2014).

Consequently, the problem of adequate motivation of employees following many tries made by way of the professional supervisor is to discover the exceptional way to manipulate it to attain a aim or a project with the least quantity of materials and human assets to be had to inspire them to achieve individual and organization economic rewards since the motivations are excessive in growing nations due to the excessive fee of residing and the low first-class of lifestyles they face (Kurose, 2013).

Currently, many jobs are paid through results-based payments or at least have a component that includes financial payments based on individual performance. Above all, since performance is relatively easy to investigate, financial incentives that depend on visible results seem useful and feasible and, as a result, are used in many ways in today's society. This means that many employees, especially at a certain level (manager) or with a substantial part of identifiable success, are rewarded for their commitment based on observed performance measures. The intention behind performance based compensation is to encourage people to increase their motivation and commitment to tasks, and therefore to profitability for the organization. Unique incentives are granted and an

alternate in behavior is achieved to gain the high-quality feasible result for the organization (Jobber & Lee, 2014).

### **1.1.1 Small and Medium Enterprises in Kenya**

Small and medium-sized organizations popularly known as SMEs are growth engines, fundamental to most economies. Research suggests that micro-enterprises and SMEs account for 95% of companies in most countries, create jobs, contribute to GDP, help industrial development, meet local demand for services, innovate and support large companies with supplies and services. In Kenya, SMEs play a key role in economic development and job creation. In 2014, 80% of the jobs created were dominated by these companies. The time period micro and small organizations (MSE) or micro, small and medium businesses (SMEs) is used to refer to SMES in Kenya and under the regulation on micro and small corporations of 2012, micro companies have a maximum annual turnover of 500,000 KES and employs less than 10 people (Namara, Murro & O'donohoe, 2017).

Small businesses have between 500,000 and 5 million annual turnover between KES and employ 10-49 people. However, medium-sized companies are not covered by the law, but are said to include companies with a turnover of between 5 million and 800 million KES and employing between 50 and 99 employees. Most SMEs belong to the informal sector and, by extension; the informal term refers to people working on their own account or in small industries. It is estimated that the informal sector represents 98% of the business in Kenya, with 30% of jobs and 3% of Kenya's GDP. The authorities acknowledge the



function of the casual region and looks for methods to integrate these sports into the formal zone (Nyaboga, Nyangosi & Mbunya, 2015).

According to Namara et al. (2017), the Doing Business report in Kenya 2017, the ease with which companies can register influences the quantity of entrepreneurs who start corporations in the formal region, which generates jobs and greater public revenues. . In Kenya, starting a business involves seven procedures; it takes 22 days and costs 21.1 percent of per capita income for men and women. Although the country has generally made progress in facilitating the creation of a business, there are doubts approximately how clean it is to begin a commercial enterprise, especially for SMEs. Kenya benefits significantly from the integration and development of the skills of its large but non-productive informal sector. Fortunately, Vision 2030 recognizes the need to support the informal sector to increase productivity and distribution, employment, owner income and public revenue. Vision 2030, the country's development blueprint to transform it into a newly-industrialized middle-income country, aims to increase annual GDP growth rates by an average of 10 percent per annum.

### **1.1.1 Profile of Graphics Lineups Limited**

Graphics Lineups Limited is the best printing company in Kenya. It was founded by three directors in May 2000. This is due to the growing demand for high quality printed products and print experts. Over time, the company has become an important company among the printing companies in Kenya, making it one of the leading printing companies in Kenya and the region. This became done through investing in present day and cutting-edge technologies (Kumari, 2014).

The mission is to be the market leader in the implementation of printing technologies and office automation solutions for our customers. Be the best experts and printing companies in Kenya and East Africa. Philosophy is to work diligently to maintain the quality, integrity and innovation upon which our success is based. enjoy has proven us that our customers are perfectionists like us, and recognize the fee of the presentation and respect honest job (Kumari, 2014).

## **1.2 Statement of the Problem**

There debate on the impact of monetary incentives on worker performance has not been settled yet. It is believed that poor incentive packages are an important factor in employee disengagement and low productivity. Employees' low morale and motivation prevents them from increasing their performance. In many cases staff believe that their contributions are not recognized by the organizations and the administration does not have the necessary skills this could help in the formulation of a good policy of monetary incentives. The survival and prosperity of any company is determined through the manner the workers are rewarded and rewarded (Kurose, 2013).

The reward system and motivating incentives will determine the level of commitment of employees and their attitude towards work. According to Roberson and Stewart (2016), incentives are praise for doing properly in an employee's process within the shape of economic and non-financial incentive. However, for an organization to achieve its goal in any competitive society, employers need to have a thorough understanding of what drives employees to perform efficiently and reward them accordingly. There is a growing want for organizations to develop reward systems that motivate staff to work hard.

There have been several problems associated with monetary incentives in worker performance by workers and managers in SMEs. These are: poor incentive packages that have been an important factor affecting employee engagement and productivity, employees are not willing to increase their performance because they believe their contributions are not well recognized by SMEs and that 'Administration lacks the necessary skills that could help them in the formulation of a good policy of monetary incentives. There is a growing need for SMEs to develop reward systems that motivate the staff to work hard and improve performance. For this purpose, this study tries to critically evaluate the effect of monetary incentives on Performance of SMEs.

### **1.3 Objectives**

The general purpose of this study was to evaluate the effect of monetary incentives on Performance of SMEs

#### **1.3.1 Specific Objectives of the Study**

More specifically, the purposes of this study are:-

- i. To identify effect of job satisfaction on performance of SMEs
- ii. To examine the effect of employee motivation on performance of SMEs
- iii. To determine the effect of employee engagement on performance of SMEs
- iv. To identify the effect of turnover on performance of SMEs

- v. To examine the effect of employee commitment on performance of SMEs

#### **1.4 Research Questions**

- i. How does job satisfaction affect performance of SMEs?
- ii. What the effect of employee motivation on performance of SMEs?
- iii. How does employee engagement affect performance of SMEs?
- iv. What is the effect of employee turnover on performance of SMEs?
- v. How does employee commitment affect performance of SMEs?

## **1.5 Significance of the Study**

### **1.5.1 Managers**

It is hoped that the findings of this look at will introduce new comparative knowledge for managers in the different counties on the effect of monetary incentives on business performance subsequently permit them expand suitable techniques to improve their business performance.

### **1.5.2 Researchers and Scholars**

Researchers and pupils can use these records to add to their information of the effect of monetary incentives on performance of SMEs. The study findings will assist offer different researchers with required literature for their research. It'd also in addition cause the technology of recent expertise and subsequently bridge the gap. The look at will also provide foundation and material for further related research.

## **1.6 Scope of the Study**

This study was based at Graphic Lineups Limited, Kirinyaga road in Nairobi Kenya. The company has 65 employees and operates large-scale modern printing presses as well as modern print on demand technology. The duration of the study lasted for a period of six (6) months i.e. between March 2018 to September 2018, although reference sometimes can made to instances prior to this period where need arises.

## **1.7 Chapter Summary**

The background of the study shows that effect of monetary incentives on Performance of SMEs: A Case Study of Graphic Lineups Limited. The study findings will be of great significance to procurement managers, researchers and scholars. The study encountered various shortcomings; the issues of lack of cooperation and limited scope. The study was carried out between March 2018 and September 2018. The study targeted staff of Graphic Lineups Limited.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The chapter shows the literature review which comprises review of theoretical literature, the chapter ends with a critical review of the study and the research that this study will seek to fill.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Expectancy Theory**

Expectancy theory suggests that personnel are more likely to be influenced to perform when they understand a sturdy hyperlink between their performance and the premium they receive. According to Roberson and Stewart (2016), expectation principle refers to the strength and beauty of the character expectation of the end result produced by way of the overall performance. The attractiveness of the expected reward for a particular contribution will determine the motivational strength of one according to this theory and whether such reward responds to the personal goals of the individual. Roberson and Stewart (2016) defined that there are 3 reports; attempt - overall performance, overall performance - rewards and rewards - non-public dreams with a view to direct your conduct. The expectation idea predicts that one's degree of motivation depends on the elegance of the sought-after premiums and the likelihood of obtaining such rewards.

If employees perceive that they can get valuable benefits from the organization, they tend to work harder at work. Expectation idea consists of 3 dimensions, for example, expectation, instrumentality and the valence degree with the intention to need to be accelerated if favored in the paintings of employee (Sajuyigbe, Olaoye & Adeyemi, 2013).

The expectation theory of motivation explains the hyperlink among motivation and performance. The idea proposes that performance on the man or woman degree relies upon on a splendid motivation, on the possession of the necessary competencies and competencies and on the perfect role and knowledge of that function (Selvarajan & Cloninger, 2016). it is a short step to specify human resource management practices that sell excessive abilities and competences, as an instance, cautious selection and funding in training; excessive motivation, for instance, worker participation and price for blessings; and the correct function shape and notion of roles, for example, the design of works and massive communiqué and comments (Selvarajan & Cloninger, 2016).

### **2.1.2 Equity Theory**

The theory of fairness deals with aspects of organizational justice, regardless of whether individuals feel treated fairly on the job or not. The perceived equity or inequity will influence the level of commitment provided in the workplace. Wiese and Coetzee (2013) hypothesize that an individual in a subordination courting evaluates now not handiest the benefits and blessings which can be acquired and whether the contribution given to the enterprise is in stability with the result, however additionally the relevance of input



statistics and effects received from other employees inside or outside the work organization.

The individual inputs can be education, effort, experience and competence with respect to products such as salaries, recognition and salary increases. If an individual notices an imbalance in the relationship between input results based on their own experiences and compared to others, the tension increases. Wanyoko (2013) cited that individuals who experience less gratified can have stronger and terrible emotions than individuals who receive immoderate rewards. If the inequality in the employment relationship is accomplished individuals are likely to change their contributions to match the results, that is to say, to reduce the work effort to balance out the results, to change the reference to the comparison between perceived inequalities or distort perceptions of self or others.

## **2.2 Empirical Literature Review**

### **2.2.1 Monetary Incentives**

Agliardi, Agliardi and Spanjers (2016) performed a take a look at to observe the effect of monetary incentives and moral incentives on the organizational performance of Nigerian university personnel. The objective of this have a look at is to investigate the role of the Nigerian universities in meeting the social wishes of employees, to know the focus of the incentives implemented and to recognize the extent of overall performance in the Nigerian universities. Six universities in Nigeria have been decided on for the purpose of this have a look at and the analysis was carried out using the statistical program package for social sciences (SPSS). The main results indicated that there's a good enough level of

incentives for employees of Nigerian universities. Financial incentives were classified in 1st place, while moral incentives were classified in 2nd place. It has also been observed that there's an excessive stage of organizational overall performance. There was also a poor dating among monetary and moral incentives and organizational overall performance. In the end, this study established new research possibilities that could increase the expertise of incentives and organizational overall performance in Nigerian universities.

Bowles and Polanía-Reyes (2012) conducted a research to examine the consequences of man or woman and institution monetary incentives on humans' performance and to explore feasible moderators. The size of the overall effect of individual incentives (116 studies) was positive ( $g = 0.32$ ). The moderator analyzes revealed that the effect sizes are greater for field studies ( $g = 0.34$ ) than for laboratory studies ( $g = 0.29$ ), higher for qualitative studies ( $g = 0.39$ ) quantitative respect ( $g = 0.28$ ) and lower for less complex tasks ( $g = 0.19$ ). The results of team-based incentives (30 studies) indicated a positive effect compared to the team-based performance bonuses ( $g = 0.45$ ), with equally distributed premiums that led to higher performance than fair distributed premiums. This relationship was broader in discipline studies and smaller for much less complicated responsibilities. Furthermore, our consequences show that the impact of crew-based totally rewards relies upon on team length and gender composition. Implications for organizational awards and suggestions for future research are discussed. Practice factors our research demonstrates the importance of profitable employees as a group to motivate them to a more quantity. The consequences show that lightly distributed premiums lead to higher returns than equally distributed premiums. Managers

should design their own assessment and feedback method for man or woman group members and the crew. Our results provide useful information on creating suitable reward structures. Differences in praise characteristics, team composition and distribution provide practical implications for organizational elements (e.g. staff selection, frequency and wide variety of awards), group (i.e. team characteristics, sort of overall performance measurement) and individual level (Bowles & Polanía-Reyes, 2012).

Dzuaranin (2012) studied the outcomes of feedback, praise and financial incentives on personnel performance and task satisfaction in health care facilities at home. This research is especially applicable to the rehabilitation profession, for the reason that turnover fees among home care providers in home care facilities have extended out of control over the last decade (Kim, 2013). The standard annual turnover charge in those facilities varies from 42.6% to 75%. Tackling problems with low job satisfaction can help solve problems with high turnover and loss of income. A comprehensive literature review found that monetary and non-economic incentives contribute to process pride and work performance. However, research suggests that satisfaction and job performance generally increase more whilst monetary and non-economic incentives are used simultaneously. Non-economic incentives, consisting of comments, reward and autonomy seem to be very effective when combined with monetary incentives with a comprehensive benefit package that includes a competitive salary, health benefits and job security. Personnel who are satisfied with their jobs are much more likely to get better results in their work. It has also been found that greater job satisfaction and work performance lead to better quality care services offered to customers.

### **2.2.2 Job satisfaction**

People management is an important aspect of organizational processes. All organizations in the current scenario want to provide feedback on employee satisfaction and then take the necessary actions on employee feedback. This sense of have an effect on can be a completely vital element for the pride of nature's employees (Wiese & Coetzee, 2013). This can also help build the employee's commitment to the organization. A well-managed business organization usually considers that average employees are the main source of productivity gains. These organizations consider employees instead of capital as the basis of companies and contributors to the development of the company.

The study revealed the relationship between employee satisfaction levels and employee performance based on their satisfaction levels. Employee satisfaction has been measured in parameters such as financial benefits, work environment, clarity of roles, employee relations, employee well-being and work stress. The sample size taken was 105 in all departments of a leader in the hospitality industry. To collect data, a 4-point Likert scale questionnaire was used. Facts evaluation confirmed that the level of worker pleasure inside the organization turned into very excessive, which led to the easy going for walks of the organization (Wiese & Coetzee, 2013).

Anyim, Chidi and Badejo (2012) conducted a have a look at to discover the hyperlink among task delight and organizational performance and decide whether there's an empirically demonstrable courting among those variables and the route and depth of this dating. Empirical studies were performed on a studies pattern of forty large and medium-sized Croatian businesses, with 5,806 employees interviewed. The effects of this look at

show the life of a clear link between worker delight and organizational performance in both directions, but with a rather weak intensity. The unique evaluation confirmed that the relationship between task satisfaction and organizational performance is stronger than the connection between organizational performance and job satisfaction. It could be said that job satisfaction determines organizational performance, rather than organizational performance that determines job satisfaction.

Agwu (2012) conducted a study to have a look at the impact of job delight on overall performance. He considered what rewards (intrinsic and extrinsic) determine the job satisfaction of an employee. He also considered the influence of age, gender and employee experience on the level of job satisfaction. Furthermore, he studied in the most satisfying event of an employee at work, because the employees remain and leave the organization. Data were collected through a field survey using a questionnaire of three groups of employees, i.e. professionals, managers and non-managers of twenty private sector organizations covering five sectors. Analysis data found out that there may be a fine correlation between job pleasure and worker performance.

Chaudhary and Sharma (2012) investigated the impact of worker pleasure on operational overall performance inside the excessive-contact service industries. Primarily based on an empirical look at of 206 service workshops in Hong Kong, we examine hypothetical relationships between employee prides; service first-rate, patron pride, and company profitability. Using modeling of structural equations, we believe that employee satisfaction is extensively associated with carrier great and purchaser pride, while the latter in turn affects the company's profitability. We also find that the company's

profitability has a moderate non recursive effect on employee satisfaction, which leads to a "satisfaction-quality-benefit cycle". Our empirical research indicates that worker pleasure is a vital attention for operations managers to power quality of service and customer pleasure. We offer empirical proof that worker satisfaction performs a vi role in improving the operational performance of organizations in the field of high-contact services.

### **2.2.3 Motivation**

Selvarajan and Cloninger (2016) tested the impact of motivation on the performance of employees using the Pam Golding Properties, Nairobi case. Motivation plays a fundamental role in all organizations, both private and public. The study revealed that the management of Pam Golding Properties used partially the definition of motivational goals to motivate its employees. Management allowed employees to be involved in setting dreams, even though they did not discover them difficult or tough at all, regardless of being specific. The study additionally confirmed that there has been a lack of training and regular development for employees to improve their key skills and knowledge, and this is an area that should be addressed. Furthermore, there was no tutoring program for employees, either during boarding or to achieve their goals, which would be very beneficial to them. Therefore, management must restructure the objectives they provide and implement mentoring and training programs. This would be very useful for them. Therefore, management must restructure the objectives they provide and implement mentoring and training programs.

Erbasi (2012) studied the effect of worker motivation on the organizational overall performance of 7 KCB branches selected in Mombasa County. KCB is making a lot of efforts to motivate its workers, but the challenge of implementing these measures continues to persist. Motivated employees will in no case produce reduced performance. Therefore, the study concluded that great progress must be made to motivate all staff to improve performance. The researcher recommends that management give more importance to employee motivation problems to make the institution survive among its competitors.

Roberson and Stewart (2016) studied the effect of worker motivation on organizational overall performance in the financial sector in Ghana. Data for the study were obtained from the staff of four financial institutions sampled in Ghana. A sample size of 80 respondents was used for the study. This sample was selected through the simple random sampling method. The results of the study suggest that leadership opportunities, employee recognition and evaluation, respect for employee expectations and socialization are the key factors motivating employees. The results revealed that administrative standards, motivation, commitment, employee assessments, a positive work environment, technology, lack of incentives, comfort level and poor management are factors that influence the performance of employees. In addition, the study shows the impact of motivation on organizational performance, how to improve employee efficiency, help employees achieve their personal goals, employee satisfaction, and help employees connect with the organization.

Jobber and Lee (2014) studied the impact of motivation at the overall performance of guaranty agree with bank. The study revealed that there is indeed a relationship between motivation and performance, and apart from the known fact that money is the key motivational factor for employees, it has been found that employees are increasingly in favor of trust, respect and the great expectation, recognition and appreciation and good work environment. Therefore, the study concluded that great progress must be made to motivate all staff to improve performance. The researcher recommends that management give more importance to employee motivation problems to make the institution survive among its competitors.

#### **2.2.4 Employee Engagement**

Afande, (2015) studied the impact of employee participation on performance. These are some of the results of a new report by Harvard Business Review Analytic Services of over 550 executives across the employee participation survey presenting in-depth interviews with 12 leading best practice companies. Research determined that while maximum leaders apprehend the significance of engagement, 3 quarters of respondents said that most employees in their organizations are not very busy. A significant gap appeared in the opinions of executive executives and mid-level managers in this sector. The managers seemed much more optimistic about the levels of worker participation in your company, which made them seem disconnected from the feeling that the cadres had their commitment to frontline workers. The survey found that many companies find it difficult to measure the commitment and link their impact on financial performance: less than 50 percent of companies said they are effectively measuring employee engagement



metric business performance, such as for example customer satisfaction or greater market shares.

Agwu (2012) investigated the impact of employee participation in the Kenya Pact. From the results of the study, Pato as an organization is committed to ensuring that employees participate by involving all employees in the formulation of the strategy of all ranges. From the look at, it was discovered that percent made sure there is a clear link in what employees do every day with the overall strategy and objective of the agency. Their examination additionally shows that employee participation has a positive impact on the organization's performance. Employees of the pact participate in the decision-making process and this has been attributed to more committed employees at the workplace. Most employees hinted that they have all the tools and resources they need to work effectively in the department. The study also showed that the skills and abilities of employees cannot be used completely without involving the employees of the organization. PACT prioritizes the flow of communication within the organization through the weekly web, brown bag seminars in the evening and this has ensured a clean route at the employees what the enterprise strives to acquire in the end.

Dzuaranin (2012) examined the determinants of employee engagement and their effect on worker overall performance. A causal study was conducted to study the impact of relationships. A survey questionnaire was developed and validated using pilot data ( $\alpha = 0.975$ ). A simple random sampling was used to select employees from the middle and lower management levels of small organizations. A total of 700 questionnaires were distributed and 383 valid answers were collected. Regression and modeling of structural

equations have been used to predict and estimate relationships. It was found that all the factors identified were predictors of employee engagement ( $r^2$ , 0.672); however, the variables that had the greatest impact were the work environment and the relationship between the team and the colleague. Employee involvement had a significant impact on employee performance ( $r^2$ , 0.597).

Erbasi (2012) studied employee engagement and its impact on performance among US companies. The research reveals that manager's style has a great impact on the team's performance. In fact, employee engagement can vary up to 70 percent (based on research in the United States), where only 30 percent of employees participate in the work. The picture is even worse outside the United States, with only 13% of committed employees. Actively disconnected employees cost the United States economy. Between \$ 450 billion and \$ 550 billion of productivity lost each year. However, McKinsey's data show that when employees are intrinsically motivated, they are 32% more committed to their jobs, 46% more satisfied with their jobs and 16% better.

### **2.2.5 Staff Turnover**

Nyaboga et al., (2015) conducted a study to investigate the effects of employee turnover on performance in an organization with reference to Mastermind tobacco Kenya Limited. The main results of the study revealed that employee turnover affects the overall performance of Mastermind tobacco Kenya Limited, that there is a relationship between staff turnover and the cost of hiring, that the effects of staff turnover in terms of training costs The organization's performance has been negative and, finally, there is a relationship between employee turnover and employee morale. The researcher

recommended minimizing employee turnover because it would save time and money for hiring and training new employees, so the administration will spend a modest time on the organization's main business entities, for example in the research and development of the dependents.

Afande (2015) performed a study to evaluate the impact of workforce turnover at the financial performance of personal safety agencies in Kenya. The main results showed that, in relation to the direct impact of personnel turnover at the financial overall performance of personal security organizations in Kenya, there was a statistically extensive inverse correlation between financial performance and the impact of revenue on costs. With reference to the indirect effect of team of workers turnover at the monetary overall performance of personal protection companies in Kenya, financial performance is significantly correlated with lost technical experience. The results of mitigation strategies implemented to manage employee turnover risks revealed that the majority (52.1%) of respondents disagreed with the reality that education packages had been provided to present employees; 48.9% of the respondents disagreed with the fact that his security company calculated the salary scales with the best company in the sector; and 75.0% of the respondents disagreed with the fact that their company was implementing work expansion programs.

It has been recommended that private security companies invest in team of workers improvement and retention of middle expertise as a way to contain high turnover and a negative impact on financial performance. In order to preserve technical skills and maintain the level of quality of service offered by private security companies, it is

necessary to create internal internship programs aimed at transferring knowledge and skills from expert personnel to less experienced personnel. As a mitigation strategy to minimize the poor effects of worker turnover on economic overall performance, private security companies must initiate a deliberate work expansion program to prepare staff to immediately take vacant positions in order to minimize disruptions that result in financial losses (Afande, 2015).

Agwu (2012) conducted a study to evaluate the impact of staff turnover on organizational efficiency, an ILRI case study. The study found that the organization was experiencing high levels of employee turnover. The majority of respondents indicated that the lack of conservation strategies had a large impact on the productivity of the organization. Most respondents believe that the organization has used various measures to manage employee turnover. The high rate of employee turnover had a negative impact on the productivity of the organization, since most of the highly productive and experienced staff was lost and took a long time before the newly hired staff. The lack of staff training denied employees the opportunity to develop skills and this encouraged most employees to leave the organization and look for work in organizations that offered professional development opportunities. The management of the organization was not committed to the development of the skills of the employees and this made the experience of the employees wanting. They concluded that the management of the organization's human resources should employ strategic strategies, such as higher wages and salaries, giving recognition and opportunities for individual growth. The organization's human resources management must provide open communication; offer a reward program to employees, offer recreational facilities and various gifts.

Kinyua (2014) studied the impact of personnel turnover on the agency's effectiveness and the performance of employees within the department of the interior inside the Eastern Cape Province. The discovery of the study suggests that salary is the main cause of staff turnover in the Department of the Interior. The results showed that the high staff turnover increases the workload for current department employees. The conclusions of the study also showed that staff turnover causes a reduction in the actual provision of services to customers and reflects negatively on the picture of the department. Different findings suggest that unhealthy working relationships can also be the reason of group of workers turnover inside the department. Emphasized that top management should pay a salable product that can be sold to employees and that employees should be rewarded if they have completed their dreams. Pinnacle management must also develop opportunities for professional development in the branch. Top management has to involve personnel when they do.

The discovery of the study suggests that salary is the main cause of staff turnover in the Department of the Interior. The results showed that the high staff turnover increases the workload for current department employees. The conclusions of the study also showed that staff turnover causes a reduction in the actual provision of services to customers and reflects negatively at the photograph of the department. Different findings recommend that unhealthy working relationships can also be the purpose of team of workers turnover in the branch. The suggestions emphasized that top management should pay a salable product that can be sold to employees and that employees should be rewarded if they have achieved their goals. Top management must also develop opportunities for professional advancement in the department. Senior management must involve

employees when making selections so as to have an effect on them inside the branch of the interior in the Eastern Cape. The study ends with the direction for future research (Kinyua, 2014).

### **2.2.6 Employee Commitment**

Eriksson and Villeval (2012) investigated the effect of monetary incentives and blessings on employee engagement. The researchers interviewed a total of 100 employees from non-public region banks, public region banks, Islamic banks and microfinance banks in Bahawalpur comprising 71 men and 29 women. Random sampling was used as a sampling project and the Likert questionnaire was used to collect data from participants. Linear regression was used to investigate the relationship between financial incentives and employee engagement. However, the results revealed a positive and important association between financial incentives and employee engagement and greater financial incentives, such as promotions and bonuses, which increase employee performance and reduce turnover and only employees Can be loyal when their wishes they are satisfied.

Jobber and Lee (2014) examined the effect of worker dedication on organizational performance with particular interest for coca cola Nigeria confined. Much of the interest in analyzing employee engagement is due to concern for the behavioral consequences that, according to the hypothesis, derive from it. This document focuses on the influence of employee engagement on organizational overall performance and employee turnover. Both descriptive and explanatory research methodologies were adopted on this study. a 5-point likert -type questionnaire was constructed and managed among selected Coca Cola Nigeria Limited personnel. The research hypotheses have been examined the use of the

Pearson correlation coefficient. The result shows that: the extent of dedication of personnel of coca cola agency % is very excessive; there's a fairly excessive courting between employee engagement and organizational performance; there may be additionally a totally high relationship between engagement and employee turnover, etc. Some of the recommendations that are made are the following: the administration must hire employees who may be connected to the organization; Management must create clear and realistic work and organizational previews.

Kumari (2014) studied the factors influencing worker engagement based on a case study of ENAC Kenya (KCAA). They studied the effects of organizational factors on employee involvement. These factors include; organizational reliability, effectiveness of the social processes of organizations and organizational climate. The results indicated that organizational factors such as the demand for perfection, strong work ethic, a highly reliable organization, an organization that promotes social interactions from top to bottom, an organization that promotes the formation of self-help groups. Managed, employee interaction with the organization, organization with a strong management style, organization that promotes teamwork and organization that encourages employee retention strongly influenced employee commitment, even if the scale of influenza varied based on one respondent in particular.

Kurose, C. (2013) investigated the effects of employee engagement in organizational performance based on a case study of Arjo Didessa Sugar Factory. To achieve this goal, the study determined the factors that affect employee engagement in the study area and also attempted to identify the relationship and its effect between employee engagements

and factors that impact employee engagement, as well as the relationship and its effect between the models of employee involvement and organizational performance in Arjo Didessa Sugar Factory. Research is a transversal study. 261 employees and four management members were selected as the sample of the study. Standardized questionnaires were distributed, completed and collected. The statistical social science package (SPSS) was used to process and analyze data collected by respondents through correlation; and regression analyzes were performed to determine the association among based and unbiased variables. Furthermore, it was discovered that employee commitments have an effect on organizational performance in the study area. Based on the results of the regression, employee engagement patterns have an effect on the organization's performance in the Arjo Didessa Sugar Factory. Therefore, recommendations were made to increase the commitment through the design of a motivation package and the establishment of a regular and sustainable training program in the company.

### **2.2.7 Performance of SMEs**

Bowles and Polanía-Reyes (2012) tested the determinants of organizational overall performance. A holistic, integrative and synergistic overall performance model is defined by intercompany variables represented as economic return rates for economic and organizational factors. These variables are used to examine the variance of the performance and its economic contribution to the company's profitability. An extensive bibliographic review was made to discover the community of constructs and underlying themes in the field of organizational performance research. An analysis of the data



suggests that there are a number of common variables to explain the variance of organizational performance. It is based on the results of a previous study which indicates that organizational factors explain almost twice the variance in profit rates than economic factors. It proposes a systemic framework on which to divide the economic contribution of these interdependent determinants of organizational performance.

Nsour (2012) studied the impact of financial and non-economic incentives at the consequences of commercial enterprise units through the years. Unlike previous behavior management research, this study used a quasi-experimental control group mission to examine the impact of financial and non-financial incentives on the results of business units. He studied 21 stores in a food franchise company. The variables studied include earnings, customer support and employee turnover through the study period. The outcomes showed that both varieties of incentives had a significant effect on all measured consequences. To start with, the financial incentive had a greater impact on the 3 results, but over time financial and non-financial incentives had an equally big effect, except in terms of workforce turnover.

Eriksson and Villeval (2012) studied the issues of organizational performance in Christian hospitals. In this examine, the Quality of Working Life (QOWL), which harmonizes individual and organizational dreams, was used as an indicator of organizational overall performance from the point of view of open systems. To discover the behavioral elements influencing QOWL in hospitals, self-administered questionnaires were disbursed to at least 926 employees who were randomly selected from 15 Christian hospitals from august 1 to august 30, 1986. Several effects were observed among the

variables. First, all correlation coefficients among QOWL and behavioral variables have been statistically sizable, even though their amplitude numerous according to clinic length. Secondly, the usage of aspect evaluation, 32 variables had been grouped parsimoniously into four factors: individual conflicts, group behavior, characteristics and organizational situation and characteristics of the work. The percentage of variance defined by means of those factors ranged from 33.5% to 38.6% based on the size of the hospital. Thirdly, the overall results of the 4 factors in multiple logistic models ranged from 0.85 to 3.12 based on hospital size. Among the three hospital fashions, the model for small hospitals confirmed the first-rate statistical adaptation. Fourthly, the most influential factor was the organizational characteristics and the situation with odds ratios ranging from 1.99-3.02. Once more, the percentages ratio turned into the very best for small hospitals. Fifthly, large hospitals, the two main effects were statistically significant factors: the characteristics and situation of organizational and work characteristics. For average hospitals, all the main effects of the factors, with the exception of the characteristics of the work, were statistically significant. For small hospitals, all the main effects of the factors, with the exception of organization conduct, were statistically giant. However, an element interplay impact changed into most effective proven in huge hospitals in which it become statistically widespread. Finally, if the four factors affect financial performance, the scores of the four factors in the two financial performance groups were compared to the Mann-Whitney test. Check results showed that the organizational traits and situational component score were drastically exclusive best for small hospitals (Eriksson & Villeval, 2012).

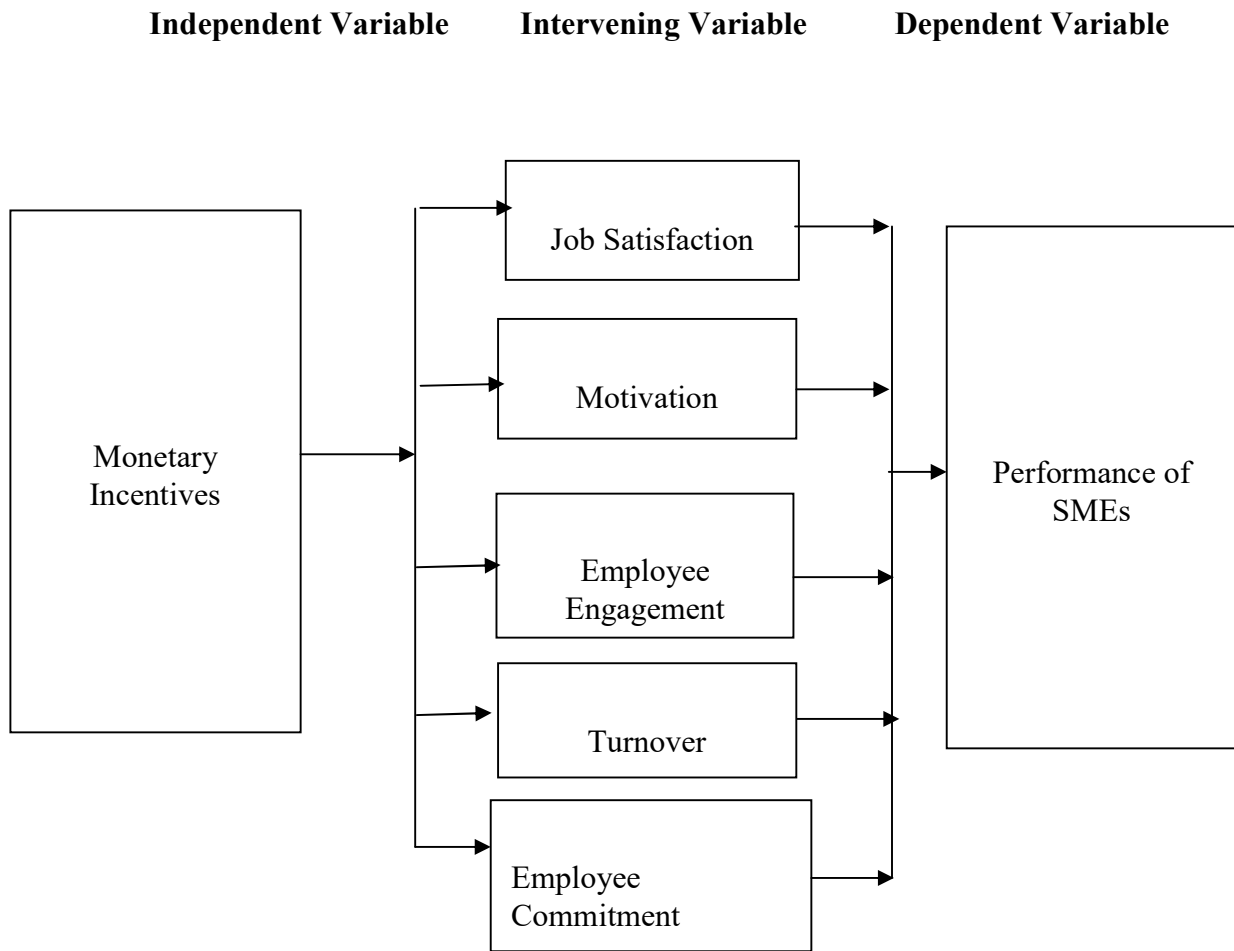
## **2.3 Summary and Research Gaps**

There are many effects of monetary incentives on corporate performance. Some of these determinants have been explored by previous investigators and have been illustrated in the empirical review of the study. However, the main influences faced by the objectives of the study have not been adequately explored and this leaves some important gaps that should be covered by other research companies, the current study faces gaps in job satisfaction, motivation, and productivity and performance task in order to guarantee the performance of the business. Previous research on job satisfaction, motivation, productivity and work performance, motivation, productiveness and typical activity performance did not display how agencies can use job satisfaction, motivation, productivity and performance to guarantee business performance. an important gap to be covered, the current study will recommend measures that companies can take to ensure better job satisfaction, motivation, productivity and turnover.

## **2.4 Conceptual Framework**

The conceptual framework is a scheme of variables that the researcher incorporates out to gain the established goals (Mugenda & Mugenda, 2003). A variable is a size feature that takes distinctive values between topics (Mugenda & Mugenda, 2003). Independent variables are variables that a researcher manipulates to decide their impact on influence on another variable (Kombo & Tromp 2006). The based variable attempts to suggest the whole influence that derives from the influence of the independent variable (Mugenda & Mugenda, 2003). The unbiased variables in this have a look at job satisfaction, motivation, productivity and performance of activities, which includes, while the

dependent variable is performance of SMEs. Based on the discussions in the context of the study and the statement of the problem, the following theoretical framework is built with the issues and problems identified in the presentation of the academic literature.



Source: Researcher, (2018)

Figure 2.1: Conceptual Framework

## 2.5 Operationalization of Variables

**Table 2:1 Operationalization of Variables**

Variable	Indicators	Measurement scale
<b>Independent</b>	➤ Working hours	Questionnaire
Job satisfaction	➤ Compensation	Use a 5 point likert scale
	➤ Quality of work	
<b>Independent</b>	➤ Employee Performance	Questionnaire
Motivation	➤ Task completion	Use a 5 point likert scale
	➤ Satisfied customers	
<b>Independent</b>		Questionnaire
Engagement	➤ Talent recognition	Use a 5 point likert scale
	➤ Empowerment	
	➤ Leadership	
<b>Independent</b>	➤ Cost	Questionnaire
Turnover	➤ Retention rate	Use a 5 point likert scale
	➤ Retention rate	
<b>Independent</b>	➤ Connected to the job	Questionnaire
Employees commitment	➤ Connected to the goal	Use a 5 point likert scale
	➤ Connected to the organization	
<b>Dependent</b>	➤ Return on Investment	Questionnaire
Performance of SMEs	➤ Return on Assets	Use a 5 point likert scale
	➤ Profits	

## **2.6 Chapter Summary**

This chapter discusses the literature overview of the look at; the empirical review explains the past studies previously undertaken on the effect of monetary incentives on Performance of SMEs. The current study will focus on effect of monetary incentives on Performance of SMEs. The theoretical review discusses the major past activities that addressed the variables stated by the study objectives, this makes the study to explore widely on the past efforts that have been undertaken on the effect of monetary incentives on Performance of SMEs. Critical analysis was made and gaps discuss.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter describes the type and source of data, the target population and the sampling methods and techniques that was used to select the sample size. It also describes how the data was collected and analyzed.

#### **3.1 Research Design**

The project used descriptive design in data collections and analysis of the data from the study population. Descriptive design defined by Peil, (2005) as a research project that informs and determines how things are and tries to describe things that are attitudes, values, possible behaviors and characteristics. A descriptive survey was used for this survey. Zikmund (2010) defined an intense case study, the study of a single unit intended to generalize through units of larger units. Therefore, the researcher believes that the case study is ideal since the data was collected from Graphics Lineups Limited.

#### **3.2 Target Population**

According to Graphics Lineups Limited human resources department, there are 65 employees in the organization. The study targeted all 65 employees of Graphics Lineups Limited. The study targeted 6 top management staff, 9 middle management and 50 junior staff.



**Table 3.1 Target Population**

<b>Category</b>	<b>Target Population</b>	<b>Percentage</b>
Top Management Staff	5	8
Middle Management Staff	9	14
Junior Staff	50	78
<b>Total</b>	<b>65</b>	<b>100</b>

**Source: Author (2018)**

### **3.3 Sample and Sampling Technique**

According to Mugenda and Mugenda (1999), the sampling design refers to the part of the research plan that indicates how the cases are should be selected for observation. The research study adopted a census given that the population is small. The entire population formed the sample size because the sample is too small, so the census was used. According to Mugenda and Mugenda (2003), when the sample size is less than 80 respondents, we use the census. The sample size was 65 respondents.

### **3.4 Instruments**

#### **3.4.1 Questionnaires**

The questionnaires were the main tools for collecting data for primary data of selected residents. Open and closed questions were used. The questions that are closed ensure that the answers provided are relevant. Clear questions were used to formulate surveys in order to clarify the dimensions and the way in which the respondents were analyzed. The questions that were opened leave the space with explanations that was relevant to the interviewees. This gives the respondents the freedom to express how they felt. The method was considered an effective way in which the study has created confidentiality. The presence of the researcher was necessary as the questionnaires are self-administered.

### **3.5 Pilot Study**

This is a small-scale testing of the methods and procedures to be adopted conducted on larger scale. In order to improve the quality and efficiency of the study, the researcher conducted a pilot study so that to reduce the likelihood of making errors. The researcher also did the pilot study in order to evaluate the time that was consumed, the costs that was involved and to improve on various aspects of the study.

#### **3.5.1 Validity Test**

According to Jackson (2009), validity is an indication of how solid your research is. More specifically, validity applies to both the design and the methods of its investigation. The method of validity of the construction was used to determine the validity of the

questionnaire. The validity of the construction guaranteed the degree to which the test measures the desired hypothetical construction.

### **3.5.2 Reliability Test**

Reliability (Gay) is the degree to which the test is measured consistently regardless of what has been measured. Measurement errors that can affect reliability are random errors and measurement errors that can affect validity that are constant or systematic errors. The test-retest was used to determine the correlation (Zikmund, 2010).

### **3.6 Data Collection Procedure**

Questionnaires were hand-delivered and collected later. The types of questions used included both open and closed ended. Closed ended questions were used to ensure that the given answers are relevant. The research was phrased by the questions clearly in order to make clear dimensions along which respondents were analyzed. In open ended questions, space was provided for relevant explanation by the respondents, thus giving them freedom to express their feelings. This method was considered effective to the study in that; it created confidentiality. The presence of the researcher was not required as the questionnaire were self-administered.

### **3.7 Data Analysis and Presentation**

In keeping with Mugenda and Mugenda (2003), facts evaluation is the manner of bringing order, shape and meaning to the mass of statistics collected. The data accumulated is encoded and by placing a spreadsheet and analyzed the use of statistical

social technology package (SPSS) version 21. SPSS version 21 has capabilities that aid descriptive records comparing variable responses and affords a clean indication of the reaction frequencies (Mugenda & Mugenda, 2003). As soon as the uncooked statistics is gathered, the suitable registration of the solutions and the integrity of the questionnaires can be confirmed. Then they'll be codified and the reaction of each element could be positioned in specific classes that answer the studies questions. Therefore, the facts were summarized the usage of the descriptive distribution of rankings or measures using a few indices or statistics to explain and compare the variables numerically.

The descriptive statistics of the social sciences were used to provide the summary statistics expected on the variables studied in very simple fads (Mugenda & Mugenda, 2003).The output can be offered in the frequency distribution tables that provided a file of the variety of times a score or reaction befell. The rankings could be offered using probabilities and pie charts to symbolize the records in a pictorial layout. Model 21 of SPSS gives giant information control skills and numerous routine facts that could analyze small to very big facts records could be used to analyze records. The coded data was inserted in a spreadsheet using the software program of version 21 of the static package of social sciences (SPSS) to generate quantitative information through tabulations, percentages and measures of central tendency.

Various data analysis techniques were used to establish the relationships between variables in the final sample that included multiple regression analysis and variance analysis (ANOVA). Furthermore, the communicative validation of the empirical results was carried out to demonstrate the veracity or truthfulness of the knowledge acquired in

the study. Qualitative records may be derived from previous studies and from analyzing the solutions to the questions opened in the questionnaire. The deductions from the analyzed records were made to help answer studies questions and were also compared with the outcomes of preceding surveys. The a couple of regression method were used to decide the relationship among established and independent variables as follows;

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon$$

Whereby:

$Y$  = Business performance

$\alpha$  (Alpha) is the Constant or intercept

$\beta_1, \beta_2, \beta_3, \beta_4$  = coefficients of the Business performance

$x_1, x_2, x_3, x_4$  = Independent Variables explaining variance  $y$

$x_1$  = Job satisfaction

$x_2$  = Motivation

$x_3$  = Employee Engagement

$x_4$  = Staff turnover

$x_5$  = Employee Commitment

$\epsilon$ = Error term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients of Business performance (Measured by ROA).

The coefficients defined the amount by way of which Y changes for each unit change of predictive variables. The import of fall one of the co-verdes can be examined at 95 percent degree of confidence.

### **3.8 Ethical Considerations**

When carrying out the research process, the researcher is supposed to be ethical in all the dealings. The researcher is to be ethical both to him or her and the respondents. The researcher should be confidential, not coercive, should not use undue influence, should respect the respondents, be patient with them, courtesy, integrity and is required to be objective.

### **3.9 Chapter Summary**

This chapter has discussed the research and methodology that the researcher used in conducting the study. These includes; introduction, design, the population, sample and sampling techniques, plot study, data collection and procedure, data analysis and presentation and ethical consideration.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.0 Introduction**

This chapter explains data analysis, presentation and interpretation of the research findings. The chapter gives an account of the processes, techniques and procedures applied to analyze, present and interpret the data gathered using the questionnaires. The chapter begins by explaining the analysis of response rate and describes the quantitative techniques adopted to analyze and present the research findings.

#### **4.1 Presentation of Research Findings**

##### **4.1.1 Analysis of the Response Rate**

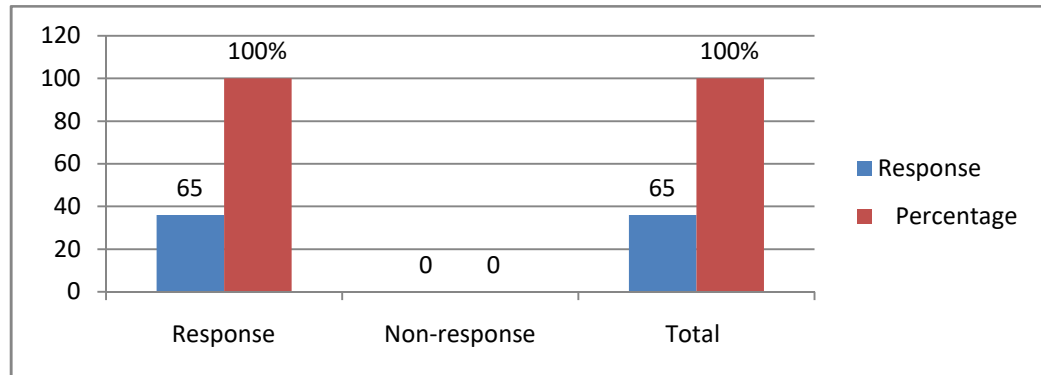
To correctly analyze the respondents who participated in the study, take a look at, the evaluation of the reaction which became achieved as shown inside the table and the discern under;

**Table 4.1: Analysis of the Response Rate**

<b>Category</b>	<b>Response</b>	<b>Percentage</b>
<b>Response</b>	65	<b>100</b>
<b>Non-response</b>	0	<b>0</b>
<b>Total</b>	<b>65</b>	<b>100</b>

**Source:      Author      (2018)**

**Figure 4.1 Response Rate**



**Source: Author (2018)**

Table 4.1 and Figure 4.1 show the relationship among the variety of respondents who participated in the research. The pattern size represents the number of respondents who have been issued with the questionnaires and the real consultant represents the wide variety of respondents who stuffed and gave again the questionnaires. The table and figure hence suggests that response rate turned into percentage; 100% spoke back.

#### **4.1.2 Analysis of Demographic Information**

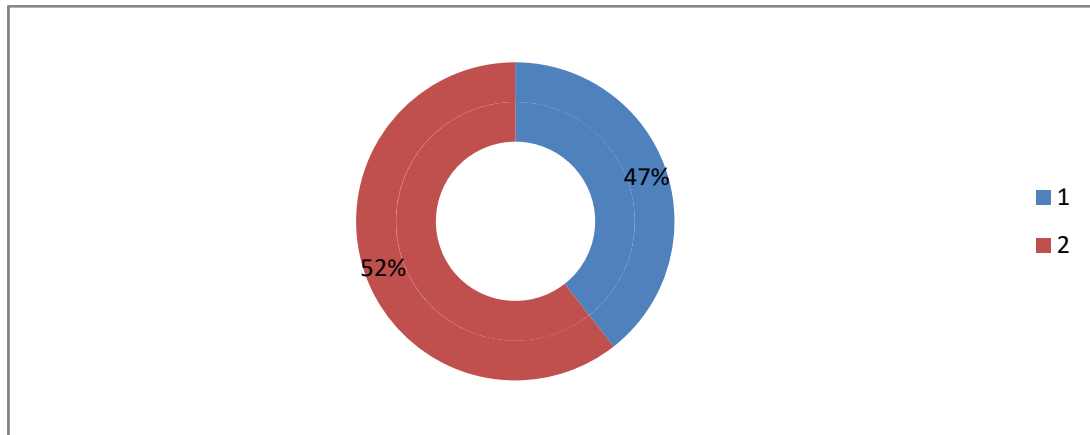
**Table 4.2 Gender of Respondents**

Category	Frequency	Percent
Male	34	52.3
Female	31	47.7
Total	65	100.0

**Source: Author (2018)**



**Figure 4.2 Gender of the Respondents**



**Source: Author (2018)**

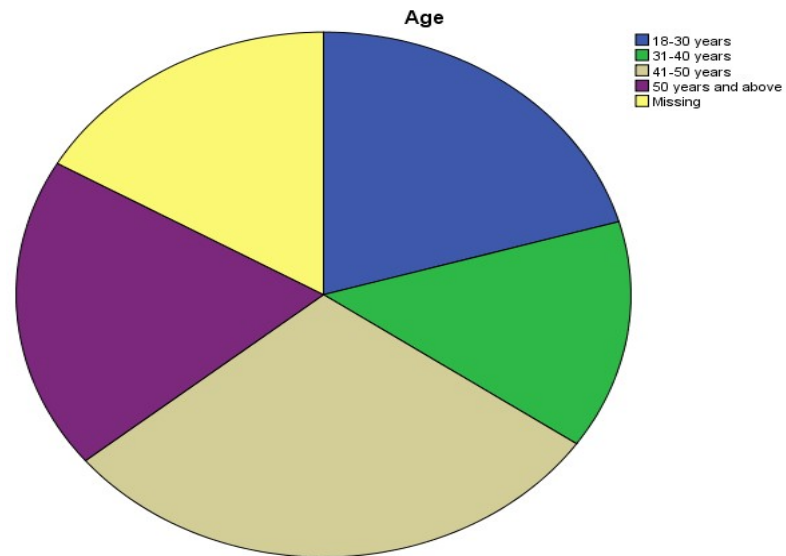
Table and figure 4.2 shows the gender of the respondents who participated in the study, majority of respondents who were 52% were male as compared to 47% who were female, this shows that there is gender equality in the organization.

**Table 4.3 Age Category of the Respondents**

Category	Frequency	Percent
18-30 years	16	24.6
31-40 years	11	16.9
41-50 years	23	35.4
50 years and above	15	23.1
Total	65	100.0

**Source: Author (2018)**

**Figure 4.3 Age Category of the Respondents**



**Source: Author (2018)**

Table and figure 4.3 shows the age category of the respondents who participated in the study. Majority of the respondents who were 35.4% had 41-50 years, 24.6% had 18-30 years, 23.1% had 50 years and above 16.9% 31-40 years, and this shows that the organization was dominated by order people.

**Table 4.4 Work Experience of the Respondents**

Category	Frequency	Percent
Below 1 year	10	15.4
1-5 years	14	21.5
6-10 years	20	30.8
11-20 years	10	15.4
21 years and above	11	16.9
Total	65	100.0

**Source: Author (2018)**

**Figure 4.4 Work Experiences of the Respondents**



**Source: Author (2018)**

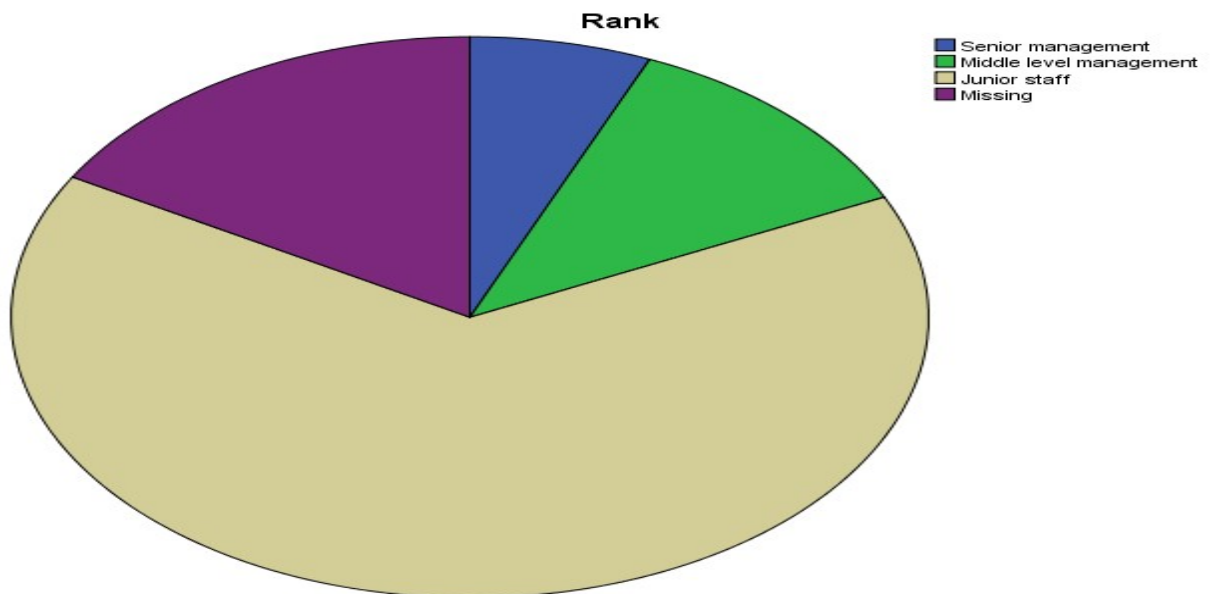
Table and figure 4.4 shows the working experience of respondents who participated in the study, majority of respondents who were 30.8% had 6-10 years, 21.5% (1-5) years, 16.9% 21 years and above, 15.4% (11-20) years and 15.4% below 1 year, this shows that majority of respondents who participated in the study had worked for the organization for a long time.

**Table 4.5 Employee Rank**

Category	Frequency	Valid Percent
Senior management	5	7.7
Middle level management	9	13.8
Junior staff	51	78.5
Total	65	100.0

**Source: Author (2018)**

**Figure 4.5 Employee Rank**



**Source: Author (2018)**

Table and figure 4.5 shows the rank of employees who participated in the study, majority of respondents who were 78.5% were junior staff, 13.8% middle level management staff and 7.7% senior management staff.

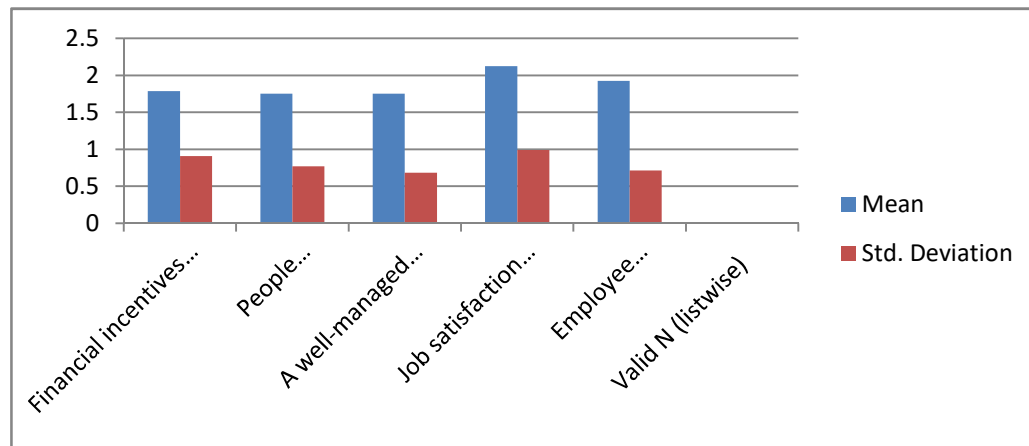
#### 4.1.3 Descriptive Statistics

**Table 4.6 Descriptive Statistics on Job Satisfaction**

Category	Mean	Std. Deviation
Financial incentives leads to job satisfaction	1.7846	.90988
People management is an important aspect of organizational processes	1.7538	.77118
A well-managed business organization usually considers that average employees are the main source of productivity gains.	1.7538	.68536
Job satisfaction determines performance of SMEs	2.1231	.99228
Employee satisfaction is an important consideration for SMEs operations managers	1.9231	.71387
Valid N (list-wise)		

**Source: Author (2018)**

**Figure 4.6 Descriptive Statistics on Job Satisfaction**



**Source: Author (2018)**

Table and figure 4.6 shows the summary on job satisfaction. Respondents indicated that financial incentives did not lead to job satisfaction as evidenced by ( $M=1.7846$ ,  $S=0.90988$ ), this shows that the organization did not offer financial incentives which led to low level of job satisfaction. People management was not important aspect of organizational processes as evidenced by ( $M=1.7538$ ,  $S=0.77118$ ), this shows that the organization was not committed to people management which led to low job satisfaction. On whether a well-managed business organization usually considers that average employees are the main source of productivity gains was indicated by ( $M=1.7538$ ,  $S=0.68536$ ), this shows that the organization did not consider average employees as the main source of productivity gains. Majority of respondents indicated that Job satisfaction did not determine performance of SMEs as evidenced by ( $M=2.1231$ ,  $S=0.99228$ ), this shows that the organization did not use job satisfaction to determine performance. On whether employee satisfaction is an important consideration for SMEs operations

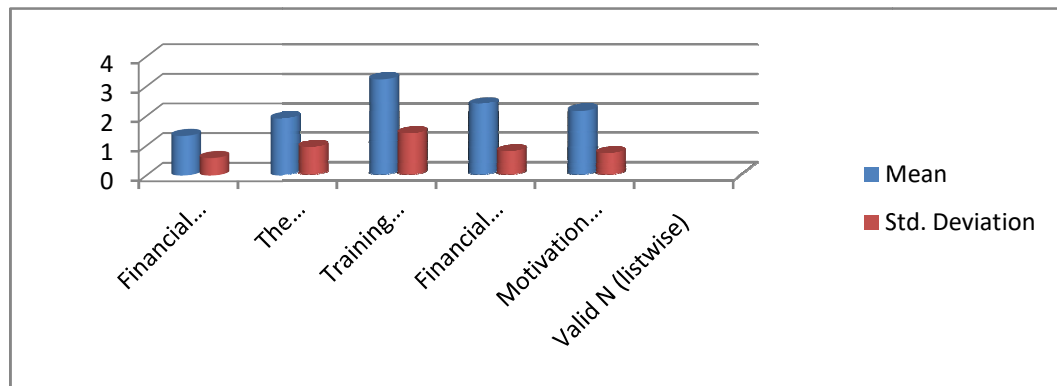
managers was evidenced by (M=1.9231, S=0.71387), this shows that the organization did not put much emphasis on SMEs operations.

**Table 4.7 Descriptive Statistics on Motivation**

<b>Category</b>	<b>Mean</b>	<b>Std. Deviation</b>
Financial incentives motivates employees	1.3385	.59364
The organization has staff motivation programmes	1.9231	.94054
Training programmes motivates employees to improve performance	3.2462	1.40346
Financial rewards motivates employees to work harder	2.4154	.78844
Motivation makes make the institution survive among its competitors	2.1846	.72656
Valid N (listwise)		

**Source: Author (2018)**

**Figure 4.7 Descriptive Statistics on Motivation**



**Source: Author (2018)**

Table and figure 4.7 shows the summary on motivation. Whether financial incentives motivated employees was indicated by ( $M=1.3385$ ,  $S=0.59364$ ), this shows that the financial incentives offered by the organization did not contribute to employee motivation. The organization had no staff motivation programmes as evidenced by ( $M=1.9231$ ,  $S=0.94054$ ), this shows that the organization did very little to motivate staff which affected organization performance. On whether Training programmes motivates employees to improve performance was indicated by ( $M=3.2462$ ,  $S=1.40346$ ), this shows that the training programmes in the organization were not very effective. Whether financial rewards motivated employees to work harder was indicated by ( $M=2.4154$ ,  $S=0.78844$ ), this shows that financial rewards had very little influence on employees motivation. On whether motivation makes the institution survive among its competitors Motivation makes make the institution survive among its competitors was indicated by ( $M=2.1846$ ,  $S=0.72656$ ), this shows that motivation did not contribute to organization survival.

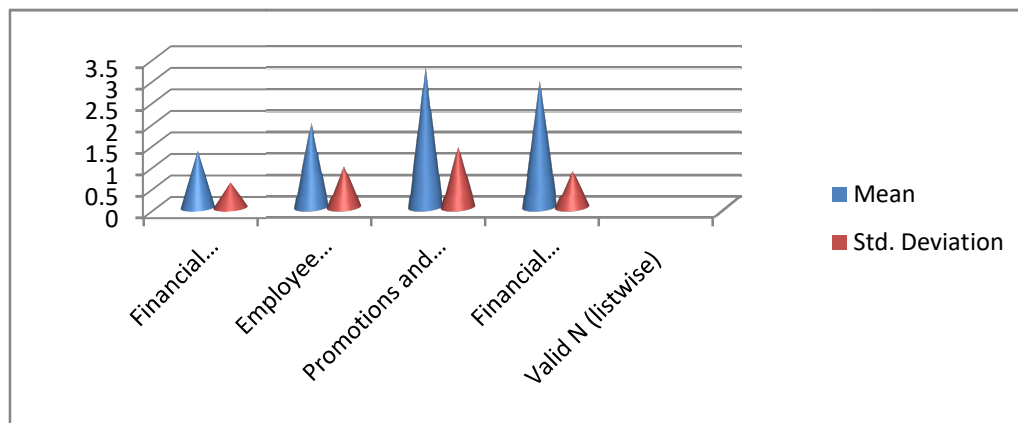


**Table 4.8 Descriptive Statistics on Employee Engagement**

Category	Mean	Std. Deviation
Financial incentives leads to employee engagement	1.3385	.59364
Employee engagement leads to performance	1.9538	.94258
Promotions and bonuses, increases employee performance	3.2462	1.40346
Financial incentives leads to loyalty among employees	2.9538	.83723
Valid N (listwise)		

**Source: Author (2018)**

**Figure 4.8 Descriptive Statistics on Employee Engagement**



**Source: Author (2018)**

Table and figure 4.8 shows the summary on employees engagement, on whether financial incentives leads to employee engagement was evidenced by ( $M=1.3385$ ,  $S=0.59364$ ), this

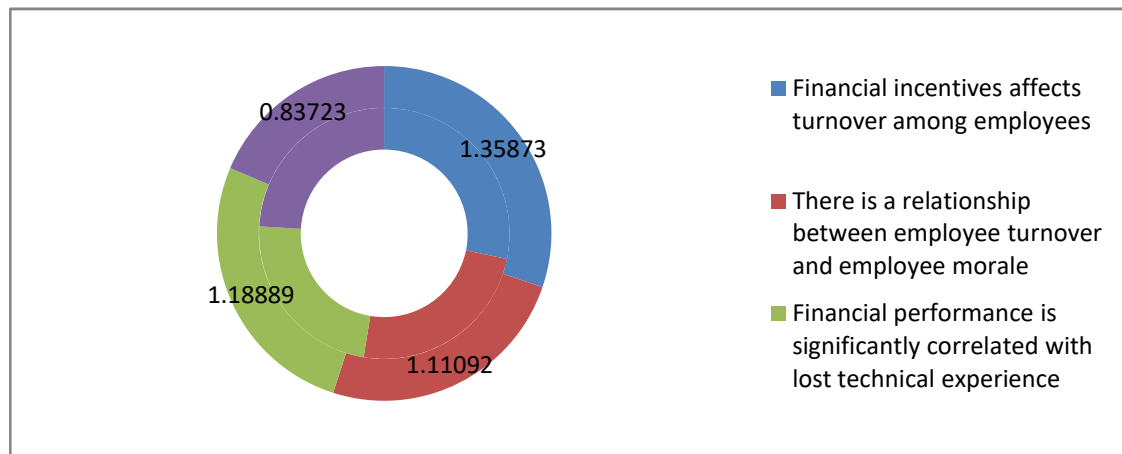
shows financial incentives did not contribute to employees engagement. On whether employee engagement leads to performance was evidenced by (M=1.9538, S=0.94258), this shows that employee engagement had little influence on performance. On whether promotions and bonuses, increases employee performance was indicated by (M=3.2462, S=1.40346), this shows that promotions and bonuses had little influence on employees performance. On whether financial incentives leads to loyalty among employees was indicated by (M=2.9538, S=0.83723), this shows that financial incentives had very little contribution to employees loyalty.

**Table 4.9 Descriptive Statistics on Staff Turnover**

<b>Category</b>	<b>Mean</b>	<b>Std. Deviation</b>
Financial incentives affects turnover among employees	3.4615	1.35873
There is a relationship between employee turnover and employee morale	2.9846	1.11092
Financial performance is significantly correlated with lost technical experience	2.8462	1.18889
Employee turnover has a negative impact on the productivity of SMEs	2.9538	.83723
Valid N (listwise)		

**Source: Author (2018)**

**Figure 4.9 Descriptive Statistics on Staff Turnover**



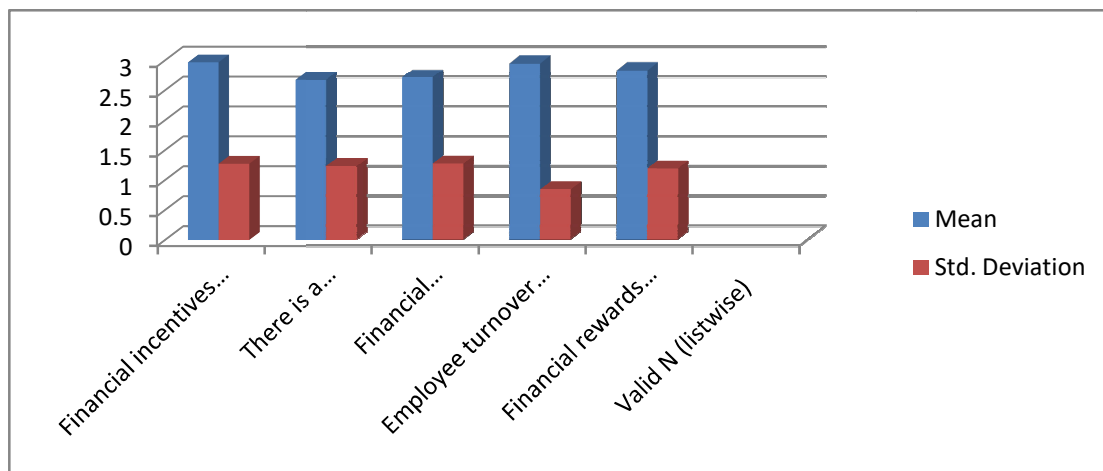
**Source: Author (2018)**

Table and figure 4.9 shows summary on staff turnover and employees performance. Whether financial incentives affects turnover among employees was evidenced by ( $M=3.4615$ ,  $S=1.35873$ ), this shows that financial incentives had a major effect on staff turnover in the organization. On whether there is a relationship between employee turnover and employee morale was indicated by ( $M=2.9846$ ,  $S=1.11092$ ), this shows that employees turnover had a little influence on the morale of employees. On whether financial performance is significantly correlated with lost technical experience was indicated by ( $M=2.8462$ ,  $S=1.18889$ ), this shows that financial performance had little relationship to technical experience. Whether employee turnover has a negative impact on the productivity of SMEs was indicated by ( $M=2.9538$ ,  $S=0.83723$ ), this shows that employee turnover had very little impact on the productivity of SMEs.

**Table 4.10 Descriptive Statistics on Employee Commitment**

Category	Mean	Std. Deviation
Financial incentives increases employees commitment	2.9692	1.27438
There is a relationship between employee turnover and employee morale	2.6769	1.22612
Financial performance is significantly correlated with lost technical experience	2.7231	1.26871
Employee turnover has a negative impact on the productivity of SMEs	2.9538	.83723
Financial rewards leads to increased output	2.8462	1.18889
Valid N (listwise)		

Source: Author (2018)

**Figure 4.10 Descriptive Statistics on Employee Commitment**

Source: Author (2018)

Table and figure 4.10 shows the summary on employee's commitment and employee's performance. Whether financial incentives increases employees commitment was shown by ( $M=2.9692$ ,  $S=1.27438$ ), this shows that financial incentives did very little in ensuring employees commitment. On whether there is a relationship between employee turnover and employee morale was shown by ( $M=2.6769$ ,  $S=1.22612$ ), this shows that employee turnover had little influence on employees morale. Whether financial performance is significantly correlated with lost technical experience was shown by ( $M=2.7231$ ,  $S=1.26871$ ), this shows that financial performance had little relationship with technical experience. On whether employee turnover has a negative impact on the productivity of SMEs was shown by ( $M=2.9538$ ,  $S=0.83723$ ), this shows that employees turnover has negative impact on employees productivity. Whether financial rewards leads to increased output was shown by ( $M=2.8462$ ,  $S=1.18889$ ), this shows that financial rewards did not translate to performance.

**Table 4.11 Descriptive Statistics on Performance**

Category	Mean	Std. Deviation
Financial incentives had positive impact on organization performance	4.4308	.52942
Harmonized individual and organizational goals affect organization performance	4.4615	.66325
The organization has increased financial performance	4.3846	.60447
The organization has seen increased return on investment	4.4256	.30338
Economic contribution is an indicator of organization performance	4.4308	.52942
Valid N (listwise)		

**Source: Author (2018)**

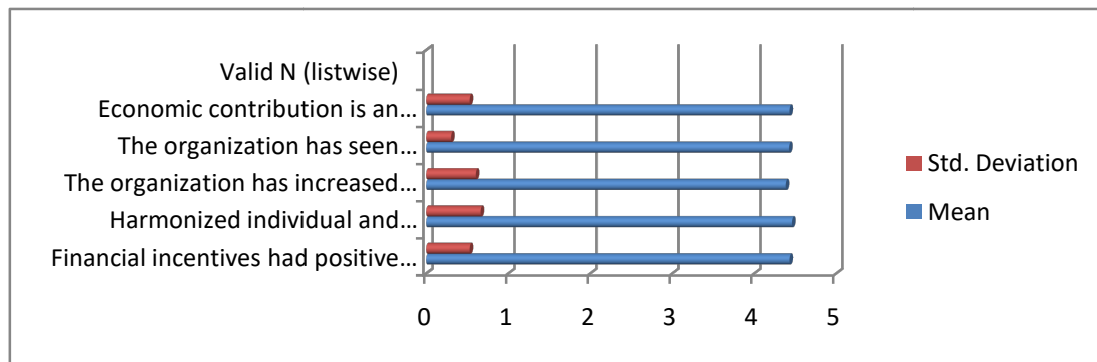
**Figure 4.11 Descriptive Statistics on Performance**

Table and figure 4.11 shows summary on performance. Whether financial incentives had positive impact on organization performance was shown by ( $M=4.4308$ ,  $S=0.52942$ ), this

shows that financial incentives had positive impact on organization performance. On whether harmonized individual and organizational goals affect organization performance was shown by ( $M=4.4615$ ,  $S=0.66325$ ), this shows that harmonized individual and organizational goals affected organization performance. On whether the organization has increased financial performance was shown by ( $M=4.3846$ ,  $S=0.60447$ ), this shows that the organization had recorded financial growth. On whether the organization has seen increased return on investment was shown by ( $M=4.4256$ ,  $S=0.30338$ ), this shows that the organization has seen an increase in return on investment. On whether economic contribution is an indicator of organization performance was shown by ( $M=4.4308$ ,  $S=0.52942$ ), this shows that the organization had registered growth financially.

#### **4.1.4 Inferential Statistics**

A correlational analysis was conducted to determine the relationship between the independent variables and the dependent variables. A pairwise Pearson correlation coefficient was calculated between each variable and significance with significance. The p-value was used to determine whether the relationship was significant and the correlation value used to determine the strength of the relationship. Table 4.12 shows the correlation coefficients between each variable and performance. All the five variables job satisfaction, motivation, employee engagement, staff turnover and employee commitment has significant and strong correlation coefficients of 0.082, 0.776, 0.943, 0.995 and 0.193 respectively.

#### 4.1.4.1 Correlation Analysis

**Table 4.12 Correlation Analysis**

		Performance
Job satisfaction	Pearson Correlation	.217
	Sig. (2-tailed)	.082
	N	65
Motivation	Pearson Correlation	-.036
	Sig. (2-tailed)	.776
	N	65
Employee engagement	Pearson Correlation	.009
	Sig. (2-tailed)	.943
	N	65
Staff turnover	Pearson Correlation	-.001
	Sig. (2-tailed)	.995
	N	65
Employee Commitment	Pearson Correlation	-.163
	Sig. (2-tailed)	.193
	N	65
Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	65



**Table 4.13 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.268 <sup>a</sup>	.072	-.007	.30208
a. Predictors: (Constant), Employee Commitment, Staff turnover, Job satisfaction, Employee engagement, Motivation				

Table 4.13 presents the results of bivariate regression analysis relating job satisfaction, motivation, employee engagement, staff turnover and employee commitment and performance. The R value of 0.268 shows a positive linear relationship between job satisfaction, motivation, employee engagement, staff turnover and employee commitment and performance. The  $R^2$  is the coefficient of determination which indicates that explanatory power of the independent variables is 0.268. This means that 26.8% of the variation in the variable performance is explained by the variation of the variable employee competence in the model  $Y = \beta_0 + \beta_1 X_1$ . The remaining 73.2% of the variation in the dependent variable unexplained by this one predictor model but by other factors

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Table 4.14 ANOVA <sup>a</sup>						
	T	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.416	5	.083	.911	.480 <sup>b</sup>
	Residual	5.384	59	.091		
	Total	5.800	64			

a. Dependent Variable: Performance

b. Predictors: (Constant), Employee Commitment, Staff turnover, Job satisfaction, Employee engagement, Motivation

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ANOVA results for job satisfaction, motivation, employee engagement, staff turnover and employee commitment and performance are shown in Table 4.14. The results revealed that job satisfaction, motivation, employee engagement, staff turnover and employee commitment have significant effect ( $p = 0.480$ ) on performance. This implies goodness of fit of the model, thus the variables can be carried on for further analysis to determine with significance the level of its influence.

**Table 4.15 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.455	.506		8.810	.000
Job satisfaction	.175	.115	.193	1.519	.134
Motivation	-.111	.172	-.154	-.647	.520
Employee engagement	.089	.134	.151	.659	.512
Staff turnover	-.027	.084	-.044	-.319	.751
Employee Commitment	-.084	.077	-.139	-1.089	.281

a. Dependent Variable: Performance

The study further determined the beta coefficients of job satisfaction, motivation, employee engagement, staff turnover and employee commitment (Table 4.15). The results showed that the beta coefficient of job satisfaction, motivation, employee engagement, staff turnover and employee commitment was 0.175, -0.111, 0.089, -0.027 , -0.084 which helps to generate the model  $Y=0.000+0.175X_1+-0.111X_2+0.089X_3+-0.027X_4+-0.084X_5$  for of job satisfaction, motivation, employee engagement, staff turnover and employee commitment versus performance. This model implies that every unit increase in the measure of job satisfaction and employee engagement leads to a

0.175 and 0.089 increase in performance. Every unit increase in the measure of employee engagement staff turnover and employee commitment leads to a -0.111, -0.027 and -0.084 decrease in performance.

## **4.2 Discussion of Findings**

The purpose of this study is to determine the effect of monetary incentives on Performance of Small and Medium Enterprises (SMEs) in Kenya. The specific objectives of the study are to: identify effect of job satisfaction on performance of SMEs, examine the effect of employee motivation on performance of SMEs, determine the effect of employee engagement on performance of SMEs, identify the effect of turnover on performance of SMEs, and examine the effect of employee commitment on performance of SMEs.

Results are in sync with the extant empirical studies and adhere to the theoretical positions highlighted. Regression analysis indicates that job satisfaction has statistically insignificant effect on performance ( $B = 0.175$  Sig. 0.134). This means a satisfied employee is not necessarily likely to perform better than other employees. The results also show that motivation is statistically significant ( $B = -0.111$ , Sig. 0.520). This means a motivated employee is poised to perform better than other employees.

The analysis indicates that Employee Engagement has statistically significant influence of job performance than other employees ( $B = 0.089$ , Sig. 0.512). Engagement in the task and with management is important for performance. Staff Turnover has statistically significant effect on employee's performance ( $B = -0.027$ , Sig. 0.750). In magnitude this

variable has greater impact than the other variables. Staff turnover results in new employees performing tasks more often than experienced staff members. This reduces performance of the employees and the company as a whole. Employees Commitment has statistically insignificant effect on job performance ( $B = -0.084$ , Sig. 0.281). The general idea is that commitment does not necessarily mean knowledge and experience.

### **4.3 Limitations of the Study**

The researcher encountered various limitations that hindered access to some information needed for the study.

#### **4.3.1 Lack of Cooperation**

The researcher was unable to collect all the required information since some of the respondents were uncooperative to the extent that they refused to give out the information and therefore some questionnaires were not fully answered. Some of them feared being victimized yet others assumed that their time was wasted thus affected the accuracy of the results. The researcher solved this by giving them more time to fill in the questionnaires and later came to collect the questionnaires for data analysis.

#### **4.3.2 Confidentiality**

Some respondents were not willing to give out the information since they were afraid that the information was not to be treated with confidentiality and it would therefore cost them to loss their work, since some did not know that the researcher had been permitted by the management to carry out the investigation on the problem under study. The researcher

gave out the letter of data collection from the Management University of Africa and promised total confidentiality to the respondents. This helped to eliminate and curb the limitation to the study.

#### **4.4 Chapter Summary**

This chapter presented the data collection, cleaning and analysis. Descriptive and inferential statistics were applied in order to examine the effects of the independent variables on the dependent variable. Regression equation was formulated for purpose of coming up with conclusions and recommendations in the next chapter.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.0 Introduction**

The chapter explains the effect of monetary incentives on performance of SMEs. Research questionnaires were answered from the study findings, conclusion of the study were drawn recommended and suggested further studies.

#### **5.1 Summary of Findings**

##### **5.1.1 Effects of job satisfaction on performance of SMEs**

Results indicate that job satisfaction has no statistically significant effect on performance of SMEs. Results indicate that financial incentives did not lead to job satisfaction and job satisfaction has no effect on performance of SMEs.

##### **5.1.2 Effect of employee motivation on performance of SMEs**

Results indicate that employee motivation has statistically significant effect on performance of SMEs. Motivation affects job performance as per the results of the regression.

### **5.1.3 Effects of employee engagement on performance of SMEs**

Results indicate that employee engagement has statistically significant effect on performance of SMEs.

### **5.1.4 Effects of employee turnover on performance of SMEs**

Results indicate that employee turnover has statistically significant effect on performance of SMEs.

### **5.1.5 Effects of employee commitment on performance of SMEs**

Results indicate that employee commitment has statistically insignificant effect on performance of SMEs.

## **5.2 Conclusions**

### **5.2.1 The Effect of Job Satisfaction on Performance of SMEs**

The organization did not offer financial incentives which led to low level of job satisfaction. The organization was not committed to people management which led to low job satisfaction. The organization did not consider average employees as the main source of productivity gains. The organization did not use job satisfaction to determine performance. The organization did not put much emphasis on SMEs operations.



### **5.2.2 The Effect of Motivation on Performance of SMEs**

The financial incentives offered by the organization did not contribute to employee performance. The organization did very little to motivate staff which affected organization performance. The training programmes in the organization were not very effective on organization performance. Financial rewards had very little influence on employee's motivation. Motivation did not contribute to organization survival.

### **5.2.3 The Effect of Employee Engagement on Performance of SMEs**

Financial incentives did not contribute to employee's engagement. Employee engagement had little influence on performance. Promotions and bonuses had little influence on employee's performance. Financial incentives had very little contribution to employee's loyalty. Financial incentives had positive impact on organization performance. Harmonized individual and organizational goals affected organization performance.

### **5.2.4 The Effect of Employee Turnover on Performance of SMEs**

Financial incentives had a major effect on staff turnover in the organization. Employee's turnover had a little influence on the morale of employees. Financial performance had little relationship to technical experience. Employee turnover had very little impact on the productivity of SMEs. The organization had recorded financial growth. The organization has seen an increase in return on investment.

### **5.2.5 The Effect of Employee Commitment on Performance of SMEs**

Financial incentives did very little in ensuring employees commitment. Employee turnover had little influence on employee's morale. Financial performance had little relationship with technical experience. Employee's turnover has negative impact on employee's productivity. Financial rewards did not translate to performance. The organization had registered growth financially.

## **5.3 Recommendations**

### **5.3.1 Job satisfaction**

The Graphic Lineups Limited should measure in place to ensure job satisfaction through attractive financial incentives. The Graphic Lineups Limited should improve on people's management as an important aspect of organizational processes. Graphic Lineups Limited should motivate average employees so as to improve their productivity. Graphic Lineups Limited should make job satisfaction a priority. Policy makers should come up with policies that should set financial incentives that improves job satisfaction.

### **5.3.2 Employee Motivation**

Graphic Lineups Limited should make employees motivation as a priority through coming up with attractive financial incentives. Graphic Lineups Limited should come up with training programmes that aiming at equipping employees with the required skills. Financial rewards should motivate employees to work harder. Motivation programmes should aim at motivation employees to improve performance hence doing better than the

competitors. The government should monitor organizations to remunerate employees well.

### **5.3.3 Employee Engagement**

Financial incentives should aim at ensuring that the employees are more engaged in organization activities. Graphic Lineups Limited should introduce promotions and bonuses aimed at increasing employee performance. Graphic Lineups Limited should introduce attractive financial incentives that are aimed at making an employee's more engaged on the organization activities. Researchers and scholars should contribute to theories so as to improve financial incentives of employees.

### **5.3.4 Employee Turnover**

Graphic Lineups Limited should use financial incentives to improve satisfaction and reduce the employee's turnover. Financial incentives should aim at boosting the morale of employees. The organization should use incentives to keep the best performing employees in the organization. Financial incentives should aim at reducing the turnover cost incurred by the organization. Researchers and scholars should contribute to theories so as to improve financial incentives of employees and employee's turnover.

### **5.3.5 Employee Commitment**

Graphic Lineups Limited should come up with financial incentives which should aim at keeping employees committed to organization goals and objectives. Employees commitment should be measured by the number of hours worked. Committed employees

should lead to organization increasing output which contributes to performance. The organization should reward the most committed employees with financial incentives. Researchers and scholars should contribute to theories so as to improve financial incentives of employees and employee's commitment.

#### **5.4 Suggestions for Further Research**

Further research can be done using large sample to determine whether the results obtained can be generalized for whole industries and sectors rather than a case study. An area ripe for further research is the perceived influence of other non-financial incentives on employee performance to determine whether there are other factors that influence employee performance. Other areas may include the effects of motivational schemes on job performance and the impact of working environment on performance.

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## APPENDIX I: QUESTIONNAIRE

This section has questionnaire on the factors affecting the implementation of competitive strategies in retail firms in Kenya. Please tick the most appropriate response to questions that give possible answers and write down your answers in the spaces provided in the open and close ended questions. The purpose of the research is purely academic and information revealed will be held with utmost confidentiality to anyone.

### SECTION A: GENERAL INFORMATION

1. What is your Gender?      ☐ Male      ☐ Female

2. What is your age?

☐ 18 – 30 years

☐ 31 – 40 years

☐ 41 – 50 years

☐ 50 years and above

3. How long has the organization been operating?

Below 1 year ( ) 1-5 years ( ) 6-10 years ( ) 11-20 years ( ) 21 and above ( )

4. What is your rank?

☐ Senior manager ☐ Middle level management ☐ Junior staff

### SECTION B: PERFORMANCE

Please state the extent to which you agree or disagree with the following statements regarding performance (*1 strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 strongly Agree*)



	1	2	3	4	5
Financial incentives had positive impact on organization performance					
Harmonized individual and organizational goals affect organization performance					
The organization has increased financial performance					
The organization has seen increased return on investment					
Economic contribution is an indicator of organization performance					

### SECTION C: JOB SATISFACTION

	1	2	3	4	5
Financial incentives leads to job satisfaction					
People management is an important aspect of organizational processes					
A well-managed business organization usually considers that average employees are the main source of productivity gains.					
Job satisfaction determines performance of SMEs					

Employee satisfaction is an important consideration for SMEs operations managers					

#### SECTION D: MOTIVATION

Please state the extent to which you agree or disagree with the following statements regarding motivation (*1 strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 strongly Agree*)

	1	2	3	4	5
Financial incentives motivates employees					
The organization has staff motivation programmes					
Training programmes motivates employees to improve performance					
Financial rewards motivates employees to work harder					
Motivation makes make the institution survive among its competitors.					

#### SECTION E: EMPLOYEE ENGAGEMENT

Please state the extent to which you agree or disagree with the following statements regarding employee engagement. (*1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree*)

	1	2	3	4	5
Financial incentives leads to employee engagement					
Employee engagement leads to performance					
Promotions and bonuses, increases employee performance					
Financial incentives leads to loyalty among employees					

### SECTION C: STAFF TURNOVER

Please state the extent to which you agree or disagree with the following statements regarding staff turnover (*1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 strongly Agree*)

	1	2	3	4	5
Financial incentives affects turnover among employees					
There is a relationship between employee turnover and employee morale					
Financial performance is significantly correlated with lost technical experience					
Employee turnover has a negative impact on the productivity of SMEs					

### SECTION C: EMPLOYEE COMMITMENT

Please state the extent to which you agree or disagree with the following statements regarding employee commitment (*1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 strongly Agree*)

	1	2	3	4	5
Financial incentives increases employees commitment					
There is a relationship between employee turnover and employee morale					
Financial performance is significantly correlated with lost technical experience					
Employee turnover has a negative impact on the productivity of SMEs					
Financial rewards leads to increased output					

**THANK YOU FOR FILLING THE QUESTIONNAIRE**